Ministry of
Finance

2010/11
Annual Service Plan Report

For more information on how to contact the British Columbia Ministry of Finance,
see Ministry Contact Information on Page 23 or contact:

Ministry of Finance
PO BOX 9417
STN PROV GOVT
VICTORIA BC
V8W 9V1

or visit our website at
www.gov.bc.ca/fin/

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Message from the Minister and Accountability Statement

British Columbia's economy continues to maintain a strong foundation as it advances from the global economic downturn. The province's competitive position, resulting in job creation and attracting investment, has ensured a bright economic future for British Columbian families. Under new leadership, the government continues to uphold its commitment to fiscal sustainability. We are working together with British Columbians to ensure our province remains vibrant and economically competitive.

Prudent and transparent fiscal management remains a key priority for government. As a result of responsible fiscal policies, we have reduced the deficit while maintaining funding for vital public services like health care and education. We remain committed to balancing the budget in 2013/14.

British Columbia is one of only two provinces to receive a triple-A rating credit rating, the highest possible, from both Moody's Investor Services and Standard and Poor's. This strong rating allows British Columbia to enjoy lower interest rates and save money on borrowing costs.

We have worked hard to keep taxes low for individuals and families living and working in British Columbia. British Columbia individuals earning up to $119,000 annually pay the lowest provincial personal income taxes in the country. When all taxes are considered, British Columbians generally have one of the lowest overall tax burdens in the country.

We continue to ensure the corporate tax environment allows British Columbian businesses to compete domestically and internationally, create jobs and support our communities. British Columbia's corporate income tax rate is highly competitive, and sales tax harmonization has removed embedded sales tax, reduced business investment costs and saved administration costs.

The Province's commitment to maintain a competitive tax system in order to foster economic growth contributed to the 35,000 jobs generated in 2010/11. A major factor of employment growth over the past two years was the cumulative $5.5 billion invested in accelerated projects devoted to key priorities in education (K-12 and post-secondary), social housing, transportation, justice and British Columbia's communities. These accomplishments are just some of the many steps being taken to ensure a lasting economic recovery for British Columbia.

The Ministry of Finance 2010/11 Annual Service Plan Report compares the actual results to the expected results identified in the Ministry's 2010/11 – 2012/13 Service Plan Update. I am accountable for those results as reported.

I take a great amount of pride in the incredible work the Ministry of Finance staff continues to do. I value their support, commend them for their enthusiasm and thank them for their tremendous dedication to serving British Columbia.

Kevin Falcon,
Minister of Finance and Deputy Premier

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Highlights of the Year

The 2010/11 deficit of $309 million was 82 per cent lower than previously expected. British Columbia's commitment to fiscal sustainability enables the Province to maintain funding for vital public services such as health and education now and in the future.

British Columbia continued to enjoy a triple-A rating from Moody's Investor Services, and Standard and Poor's through a period of transition and ongoing economic recovery. British Columbia is one of only two provinces in Canada currently rated triple-A.

In 2010/11, the Ministry executed the administrative requirements to implement the Harmonized Sales Tax (HST) and wind down the Provincial Sales Tax (PST). As a result of the transition to HST, British Columbia has the lowest harmonized tax rate in Canada and is one of the most tax competitive jurisdictions in the industrialized world.

Euroweek, an investor trade journal, selected the Province's US $1.5 billion global bond issue for third place as the "2010 bond of the year" in the subsovereign/municipal category. The award recognized that the Province achieved exceptional pricing compared to its triple-A peers and received overwhelming demand for the bond from investors around the world.

In June 2010, the Ministry became responsible for the BC Olympic Games Secretariat. During 2010/11, the Ministry and its partners successfully managed the orderly wind up of provincial activities related to the Secretariat as well as those of the Vancouver Organizing Committee (VANOC). A number of 2010 Games-related progress reports were published during the year by the Province and its partners. A complete list of 2010 Olympic and Paralympic Winter Games Reports is available on the following Ministry of Finance website: www.fin.gov.bc.ca/reports/olympics.html.

In 2010/11, the Ministry continued to create jobs through the accelerated infrastructure projects program. A total of over $5.5 billion has been committed to invest in accelerated projects, creating approximately 35,000 jobs critical to the province's economic recovery. Accelerated infrastructure investments contribute to government's key priorities in the areas of education (K-12 and post-secondary), social housing, transportation, justice and British Columbia's communities.

In 2010, the Ministry implemented a new property tax deferral program for families with children. This program enables the government to assist families with children, especially during years when household costs are high. The Ministry also introduced the *Northern and Rural Area Home Owner Benefit*, a program that benefits families by increasing the home owner grant in many resource-based communities recovering from the economic downturn.

The *Report on The Vancouver School Board (School District 39)* was released in June 2010. The Ministry conducted this review to ensure education dollars are maximized and savings are redirected for the benefit of students. The review assisted the School District to achieve a balanced budget in the school year ending June 2010.

The Ministry provides a central service to the Province for revenue and debt administration and collection. In 2010/11, revenue programs administered approximately $20.69 billion. In addition, the Ministry received $5.98 billion in federal transfers including $769 million for HST transition.

The Ministry achieved $99 million in annual savings from self-insurance. The Ministry's coordination of public sector self-insurance programs allows the provincial government to cost-effectively retain selected risks rather than transfer them at a premium to third parties.

Purpose of Ministry

The Ministry plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies. The Ministry delivers tax administration and revenue and treasury management that provide funding essential for government programs for British Columbians.

The Ministry is responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Government's economic, fiscal and taxation policy in support of a prosperous and growing economy;
- Tax and non-tax revenue administration, and loan administration and collection;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the SUCH sector);
- Banking, accounting, and risk and debt management services for government;
- Policy development for the financial, corporate and real estate sectors;
- Regulation of the financial services and real estate sectors and administration of the BC credit union deposit insurance fund;
- Administration of a governance framework for Crown agencies;
- The Public Service Agency, which provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

The Ministry publishes several reports – please see page 24 for links to these publications. Ministry clients include the citizens of British Columbia, Treasury Board, Cabinet, ministries, Crown corporations, boards and commissions, agencies, businesses, investors and financial sector agencies.

The Ministry upholds the core values of government – *integrity*, *fiscal responsibility*, *accountability*, *respect* and *choice* – identified in the Province of British Columbia's 2011/12 - 2013/14 Strategic Plan[1].

[1] View the Province of British Columbia's Strategic Plan Update at www.bcbudget.gov.bc.ca/2011/stplan/2011_Strategic_Plan.pdf.

Strategic Context

The Economy

British Columbia's real GDP increased by 4.0 per cent in 2010, following a decline of 1.8 per cent in 2009. Indicators of economic performance in 2010 show that British Columbia's economy is recovering from the period of severe weakness it experienced in late 2008 and early 2009. Improvements in the domestic economy were observed in employment, consumer spending and housing, while external gains were made in exports and shipments of manufactured goods. However, several risks to British Columbia's economy remain, including ongoing weakness in the US economy, the European sovereign debt crisis, continued strength in the Canadian dollar, and geopolitical uncertainty and its impact on global commodity markets.

Harmonized Sales Tax

The Province harmonized the Provincial Sales Tax (PST) and the Goods and Services Tax (GST) into a single Harmonized Sales Tax (HST) on July 1, 2010. The HST is an essential step to make businesses in British Columbia more competitive, encourage new investment, improve productivity, and reduce administrative costs for taxpayers and businesses. Most importantly, harmonization will generate economic growth and, over time, create jobs and generate more revenue to sustain and improve crucial public services.

A referendum on the future of the HST is underway. Government has established the HST Information Office[2] to provide information and help facilitate a fact-based dialogue with British Columbians in order to have an informed vote.

[2] Visit the HST Information Office web site at www.hstinbc.ca.

Report on Performance

This section reflects performance related to the goals, objectives, performance measures and targets contained in the *2010/11 - 2012/13 Service Plan* for the Ministry of Finance.

In developing and reporting on performance measures and targets in the Service Plan, the Ministry incorporates input and data from reliable independent and government sources. These sources include Ministry financial and business information systems, major credit rating agencies, *Public Accounts*, and provincial statutes. In setting performance targets, the Ministry considers past performance trends, government priorities, continuous improvement and the availability of resources. Setting meaningful performance measures and targets, and objectively measuring results allows the Ministry to introduce corrective actions as necessary to ensure that it achieves the goals set out in the Service Plan. Comparable information from prior years is provided for the purpose of historical comparison.

Ministry revenue is audited by the Office of the Auditor General as part of the Summary Financial Statements and reported in the annual *Public Accounts* of the Government of British Columbia. Ministry incremental revenue and debt collection data are monitored by the managers responsible and reviewed by the Ministry's Executive Financial Officer.

The table on the following two pages provides an overview of Ministry performance in 2010/11, compared to established targets, for each of the Ministry's goals and associated objectives.

Performance Plan Summary Table

Goal 1: Sound and transparent management of government finances. For greater detail see pages 13 to 16	2010/11 Target	2010/11 Actual
1.1 Effective management of government's fiscal plan		
Provincial credit rating	Aaa	Aaa ACHIEVED
Budget deficit / surplus	$1.715B Deficit	$309M Deficit EXCEEDED
1.2 Accountable, efficient and transparent financial and program management across government		
Release date of the *Budget*	February 15, 2011	February 15, 2011 ACHIEVED
Release date of the *Public Accounts*	On or before June 30, 2011	July 18, 2011 NOT ACHIEVED
Audit opinion	Public Accounts in compliance with Canadian generally accepted accounting principles (GAAP)	Qualified but positive audit opinion from the Office of the Auditor General SUBSTANTIALLY ACHIEVED

Goal 2: A strong, competitive and vibrant economy For greater detail see pages 16 to 20	2010/11 Target	2010/11 Actual
2.1 A fair and competitive tax environment		
Provincial ranking of corporate income tax rate	Remain in the lowest four	Lowest ACHIEVED
Provincial ranking of personal income tax rates for the bottom two tax brackets	Lowest	Second Lowest SUBSTANTIALLY ACHIEVED

Goal 2: A strong, competitive and vibrant economy For greater detail see pages 16 to 20	**2010/11 Target**	**2010/11 Actual**
2.2 Responsible, effective and fair revenue, tax and benefit administration that funds provincial programs and services		
Percentage of incremental revenue target achieved	100% ($185.33M)	171.84% ($318.46M) EXCEEDED
Percentage of amounts owed to government paid	94.45%	94.27% SUBSTANTIALLY ACHIEVED

Goals, Objectives, Strategies and Performance Results

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is enhanced by a sound and sustainable fiscal environment. Responsible fiscal policies ensure the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations. Public confidence is further enhanced by open accountability that demonstrates the appropriate management of government finances.

Objective 1.1: Effective management of government's fiscal plan

The government's ability to achieve a sustainable fiscal environment relies on the development and maintenance of a prudent and resilient fiscal plan. The Ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, provincial ministries and other public sector partners to ensure that government's annual and three-year revenue, operating and capital expenditure targets are met.

Strategies

- Update government financial reporting processes to facilitate enhanced monitoring.
- Manage government's capital plan, including accelerated strategic investments in infrastructure across the province.
- Continuously monitor revenues, spending and debt set out in the fiscal plan, and take corrective action as required to meet targets.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Provincial Credit Rating	Aaa	Aaa	Aaa	Aaa ACHIEVED

Data Source: Moody's Investor Service (Credit Rating Agency).

Discussion of Results

This measure is the rating of provincial debt by Moody's Investor Services, an independent rating agency. Bonds are rated in descending alphabetical order from A to C – highest to lowest. Triple-A (Aaa) is the highest possible rating, provided to those public and private sector organizations that offer excellent financial security and are considered high investment grade entities. The interest rate paid by the Province when it borrows in the domestic and international capital markets is influenced by the credit ratings supplied by third party agencies. In determining the Province's credit rating, rating agencies evaluate debt as a percentage of GDP and interest owing as a percentage of gross receipts. Agencies also consider the government's

track record in meeting its fiscal targets, its transparency in budgeting and reporting, the economic outlook, and business and consumer confidence in the economy.

In 2010/11, British Columbia maintained its triple-A rating from Moody's Investor Services, the highest possible rating given by the international credit rating agency. British Columbia is one of only two provinces in Canada currently rated triple-A.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Budget deficit / surplus	N/A	N/A	$1.715 B Deficit	$309 M Deficit EXCEEDED

Data Source: British Columbia *Budget and Fiscal Plan: British Colmbia Public Accounts 2010-2011.*

Discussion of Results

This measure reflects the Ministry of Finance's overall success in implementing the government's fiscal plan. Specifically, the government is committed to returning to a balanced budget by 2013/14 with interim deficit targets through 2012/13.

Sound financial management is crucial to the government's commitment to fiscal sustainability and is achieved through regular review and monitoring of the fiscal plan. In 2010/11, the government recorded a deficit of $309 million, 82 per cent lower than expected. A return to surplus is expected in fiscal 2013/14, while temporary deficits have allowed the government to maintain funding for vital government services.

Ministry Response

The Ministry exceeded its expected performance against its 2010/11 deficit target. The improvement reflects a variety of factors, including additional revenue, mainly in the area of higher tax revenue, and decreased expenses due to prudent fiscal management. The Ministry continues to closely review and monitor revenues and expenses to ensure the government meets or exceeds the goals set out in its three-year fiscal plan.

Objective 1.2: Accountable, efficient and transparent financial and program management across government

The Ministry is responsible for establishing a variety of governance frameworks that apply to ministries and the broader public sector. These frameworks guide the activities of government toward achieving its objectives and facilitate transparency and accountability. The successful implementation of effective governance frameworks ultimately contributes to public confidence in government and increased value in the use of public funds. To facilitate the effective application of these frameworks, the Ministry supports government with tools and training to build necessary capacity.

The Ministry also uses a risk-based approach to monitoring performance through compliance and controls monitoring and a corporate internal audit program. This approach optimizes the use of limited resources while ensuring that the Ministry addresses government's most significant risk exposures.

Strategies

- Maximize investment returns on surplus cash to minimize borrowing costs and requirements.
- Use risk-based approaches to effectively manage government's resources.
- Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Ensure all government entities (e.g. ministries, Crown agencies, etc.) are publicly accountable for their programs, services and fiscal management.
- Undertake targeted reviews of government business processes to maximize efficiency.
- Meet statutory reporting requirements and comply with Generally Accepted Accounting Principles.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Release date of the *Budget*	February 17, 2009[1]	March 2, 2010	February 15, 2011	February 15, 2011 ACHIEVED
Release date of the *Public Accounts*	July 9, 2009	July 8, 2010	On or before June 30, 2011	July 18, 2011 NOT ACHIEVED

Data Source: Release of the *British Colmbia Public Accounts 2010-2011*

[1] The *September Budget Update* was released on September 1, 2009.

Discussion of Results

These measures capture the timeliness of government budgeting and financial reporting. Timely release of financial information is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. The *Budget Transparency and Accountability Act* requires the release of the Province's budget by the third Tuesday of February in the immediately preceding fiscal year and the Province's financial statements (*Public Accounts*) by August 31 following each fiscal year end.

Ministry Response

The Ministry of Finance and the Office of the Auditor General worked diligently to meet the targeted timeline. However, the complexities of the issues related to the Public Accounts this year and the imperative to ensure fully fair and accurate reporting resulted in delays to the final production. The Ministry expects to meet the target in future years.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Audit Opinion	Unqualified audit opinion from the Office of the Auditor General	Qualified but positive audit opinion from the Office of the Auditor General	Public Accounts in compliance with Canadian Generally Accepted Accounting Principles (GAAP)	Qualified but positive audit opinion from the Office of the Auditor General SUBSTANTIALLY ACHIEVED

Data Source: Release of the *British Colmbia Public Accounts 2010-2011*

[1] This measure will be considered substantially achieved if the Office of the Auditor General provides a qualified but positive opinion of the *Public Accounts*.

Discussion of Results

This measure is an indication of the transparency of government in accounting for its finances. In preparing the *Public Accounts*, the Ministry strives to provide an accurate and fair representation of the government's financial position in accordance with Generally Accepted Accounting Principles (GAAP). To validate this position, government seeks an independent audit opinion that offers an objective assessment of its financial reporting.

The independent audit opinion, provided by the Office of the Auditor General confirmed that, with a single qualification, the *Public Accounts* are in compliance with Generally Accepted Accounting Principles.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax environment

A tax system that is perceived to be fair increases the confidence of British Columbians in their government. Furthermore, the Province's ability to develop a strong and vibrant economy depends on a tax and regulatory environment that is both nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment. This in turn enhances economic development and creates stable revenues to support critical government services such as health care and education.

Strategies

- Ensure financial and corporate regulatory frameworks are efficient and effective, and protect the public interest.
- Support necessary legislative processes related to implementing the HST.
- Continue to improve the fairness, competitiveness and sustainability of the provincial tax system.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Provincial ranking of corporate income tax rate	In the lowest four	In the lowest four	Remain in the lowest four	Lowest[1] ACHIEVED

Data Source: Published legislation from all 10 provinces.

[1] British Columbia is tied with Alberta for the lowest corporate income tax rate among Canadian provinces.

Discussion of Results

This performance measure compares the general corporate income tax rate in British Columbia, as of March 31 each year, to those of other provinces in Canada. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment. The government reduced the corporate income tax rate from 10.5 to 10 per cent resulting in British Columbia achieving the same corporate income tax rate as Alberta, which is the lowest in Canada.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Provincial ranking of personal income tax rates for the bottom two tax brackets	Lowest	Second Lowest	Lowest	Second Lowest SUBSTANTIALLY ACHIEVED

Data Source: Personal income tax legislation and budgets from all 10 provinces.

Discussion of Results

This measure provides a comparison of British Columbia's personal income tax rates, for the bottom two tax brackets, with those of the other nine provinces. Maintaining low tax rates supports individuals and families living and working in British Columbia. With annual indexing, the upper limit of British Columbia's bottom two tax brackets has risen to $72,293 in 2010. As of March 31, 2011, the provincial tax rate for the bottom income tax bracket in British Columbia was 5.06 per cent — second only to Ontario (5.05 per cent), while the British Columbia tax rate for the next income tax bracket was 7.7 per cent — lowest among all provinces. Overall,

British Columbians pay the lowest provincial income taxes in Canada for individuals earning up to $119,000.

Objective 2.2: Responsible, effective and fair revenue, tax and benefit administration that funds provincial programs and services

The Ministry manages revenue in relation to statutes it directly administers and, increasingly, statutes administered by other ministries.[3] These revenues support the provision of important government programs and services — such as health care, education, social services and transportation infrastructure — for British Columbians.

The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

Strategies

- Focus compliance activities on areas with the highest risk of non-compliance while also ensuring coverage across industry sectors and types of taxpayers.
- Explore further opportunities for applying technological solutions to improve audit practices.
- Improve collaboration across jurisdictions to help ensure revenue due to the Province is identified and received in a timely manner.
- Improve practices used to collect outstanding amounts owed to government.
- Work with the federal government to implement the HST and wind down provincial administration of the Provincial Sales Tax and Hotel Room Tax.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Percentage of incremental revenue target achieved	198.3% ($398.5 M)[1] ($266.36M)[3]	193.04% ($407.5M)[1] ($275.9M)[3]	100% ($185.33M)[2]	171.84% ($318.46M)[1] ($292.66M)[3] EXCEEDED

Data Source: Ministry of Finance business information systems.

[1] Incremental revenue identified.

[2] Incremental revenue target approved by Treasury Board.

[3] Incremental revenue normalized to remove extraordinary recoveries. Extraordinary recoveries include unanticipated and one-time incremental revenue. In 2010/11, $318.46M incremental revenue was identified of which $25.80M was extraordinary recoveries resulting in $292.66M of incremental revenue normalized to remove extraordinary recoveries.

[3] See Appendix B – Hyperlinks to Additional Information.

Discussion of Results

The Ministry undertakes audit and compliance activities to detect and address non-compliance. The Ministry focuses its efforts in areas where the risk and potential revenue consequences of non-compliance are highest, while maintaining a presence across all industry sectors and all types of taxpayers to ensure fair and equal treatment. This approach encourages voluntary compliance by increasing the credibility and visibility of the Ministry's audit and compliance programs.

This measure is an indication of the Ministry's success in identifying outstanding amounts owed to government through audit and compliance activities. The amounts identified are incremental revenue. Incremental revenue targets are approved annually by Treasury Board as required under the *Balanced Budget and Ministerial Accountability Act*. Achievement of the annual target is a key accountability of the Minister of Finance.

In 2010/11, the Minister was accountable for $185.33 million in incremental revenue in respect of revenue payable under the enactments he administers. The Ministry exceeded this target, identifying $318.46 million. The Ministry's strong performance is the result of multiple factors, not the least of which is the presence of an effective compliance program — conducting over 150,000 reviews and audits in 2010/11.

Ministry Response

The Ministry continues to develop incremental revenue targets based on past experience and the best information available, recognizing the challenges associated with forecasting future assessments across a wide variety of industry sectors and types of taxpayers.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Percent of amounts owed to government paid[1]	96.96%	96.20%	94.45%	94.27% SUBSTANTIALLY ACHIEVED

Data Source: Ministry of Finance business information systems.

[1] This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities. Due to the transition to HST, which will be administered by the Canada Revenue Agency, this measure does not include Provincial Sales Tax.

Discussion of Results

This measure reports on the Ministry's overall success in collecting amounts owed to government in a specific fiscal year where both revenue and debt collection functions are under the administration of the Ministry. It excludes revenue and debt collections for personal and corporate income tax, and HST collected by the Canada Revenue Agency on behalf of the Province. As a result, this measure reflects approximately 39 per cent of revenue overseen by the Ministry.

In 2010/11, the Ministry collected $7.94 billion in revenue and overdue accounts — 94.27 per cent of the amount owed — achieving the target. This result reflects the Ministry's success in billing, collection and audit and compliance activities in addition to the ongoing efforts to provide information, tools and quality customer service — making it easier for British Columbians to understand and fulfill their obligations.

Resource Summary Table

	Estimated[1]	Other Authorization[2]	Total Estimated	Actual	Variance[3]
Operating Expenses ($000)					
Treasury Board Staff	8,530	0	8,530	7,263	(1,267)
Office of the Comptroller General	10,084	0	10,084	9,039	(1,045)
Treasury	1	0	1	1	0
Revenue Programs					
Gross	49,928	0	49,928	45,983	(3,945)
Recoveries[4]	(44,214)	0	(44,214)	(39,354)	4,860
Net	5,714	0	5,714	6,629	915
Revenue Services[5]					
Gross	152,050	0	152,050	133,964	(18,086)
Recoveries[4]	(143,773)	0	(143,773)	(116,119)	27,654
Net	8,277	0	8,277	17,845	9,568
Board Resourcing and Development[6]	465	(465)	0	0	0
Economics, Policy and Intergovernmental Fiscal Relations[7]	0	3,112	3,112	2,970	(142)
Executive and Support Services[8]	25,409	(724)	24,685	16,464	(8,221)
Pacific Carbon Trust	5,000	0	5,000	2,000	(3,000)
Total	**63,480**	**1,923**	**65,403**	**62,211**	**(3,192)**
Operating Expenses Statutory Appropriations ($000)					
Insurance and Risk Management[9]	4,234	5,248	9,482	9,482	0
Provincial Home Acquisition Wind Up[10]	10	0	10	0	(10)
Executive and Support Services[11]	0	1,053	1,053	701	(352)
2010 Olympic and Paralympics Winter Games Secretariat	0	3,441	3,441	3,441	0
Budget Measures Implementation Act 2010[12]	0	110,177	110,177	110,177	0
Total	**4,244**	**119,919**	**124,163**	**123,801**	**(362)**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Executive and Support Services	2,931	205	3,136	3,136	0
Total	**2,931**	**205**	**3,136**	**3,136**	**0**
Statutory Appropriations Capital Expenditures $(000)					
Insurance and Risk Management[9]	0	0	0	0	0
Provincial Home Acquisition Wind Up[10]	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Other Financing Transactions ($000)[13]					
Revenue Programs					

Receipts	40,600	0	40,600	50,183	9,583
Disbursements	140,100	0	140,100	91,932	(48,168)
Net Cash Source (Requirements)	(99,500)	0	(99,500)	(41,749)	57,751
Revenue Services[7]					
Receipts	89,949	0	89,949	122,759	32,810
Disbursements	225,000	5,754	230,754	230,754	0
Net Cash Source (Requirements)	(135,051)	(5,754)	(140,805)	(107,995)	32,810
Special Accounts – Provincial Home Acquisition Wind Up					
Receipts	**50**	**0**	**50**	**45**	**(5)**
Disbursements	**0**	**0**	**0**	**0**	**0**
Net Cash Source (Requirements)	**50**	**0**	**50**	**45**	**(5)**
Total Receipts	**130,599**	**0**	**130,599**	**172,987**	**42,388**
Total Disbursements	**365,100**	**5,754**	**370,854**	**322,686**	**(48,168)**
Total Net Cash Source (Requirements)	**(234,501)**	**(5,754)**	**(240,255)**	**(149,699)**	**90,556**

[1] The "Estimated" amount corresponds to the 2010/11 Estimates as presented to the Legislative Assembly.

[2] "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies.

[3] Variance display convention is consistent with the display convention used in Public Accounts. Variance is in all cases "Actual" minus "Total Estimated". If the Actual is greater, then the Variance will be displayed as a positive number.

[4] The Ministry's costs are partially recovered from revenue administered by the Ministry under statutes listed in Appendix A.

[5] Policy and Revenue Services was changed to Revenue Services in October 2010.

[6] The Board Resourcing and Development Office was transferred to the Office of the Premier as part of Order in Council (OIC) 062 in March 2011. All Orders in Council are available at www.qp.gov.bc.ca/statreg/oic/.

[7] Represents the net transfer components of the previous Small Business division from the Ministry of Advanced Education (OIC 652 and OIC 062).

[8] Includes the reduction of $724k for the transfer out of corporate support for the Ministry of Labour (OIC 062).

[9] Statutory appropriation provided to recognize actuarial adjustment in 2010/11.

[10] This account is established under the *Special Appropriation and Control Act* effective April 1, 2004, for the purpose of providing for expenditures for the winding up of the loan and financial assistance programs under the *Home Conversion and Leasehold Loan Act*, *Home Mortgage Assistance Act*, *Home Purchase Assistance Act*, *Homeowner Interest Assistance Act* and *Provincial Home Acquisition Act*.

[11] Transfer of corporate services related to Small Business as part of OIC 652 in October 2010.

[12] Transfer of BC Rail shares to BCTFA.

[13] Other Financing Transactions include disbursements by the Province under legislation to government entities. These include disbursements under the Internal Fuel Tax Agreement (*Motor Fuel Tax Act*), *Land Tax Deferment Act*, *British Columbia Transit Act*, *Transportation Act*, *Greater Vancouver Transportation Authority Act*, *Taxation (Rural Area) Act*, *Tobacco Tax Amendment Act*, Tourism British Columbia (*Hotel Room Tax Act*).

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

Ministry Central Office
PO Box 9417 Stn Prov Govt
Victoria, BC V8W 9V1

Phone: 250 387-3184
Fax: 250 387-1655

Minister's Office
Honourable Kevin Falcon
PO Box 9048 Stn Prov Govt
Victoria, BC V8W 9E2

Phone: 250 387-3751
Fax: 250 387-5594

Media Queries
Phone: 250 356-9872
Fax: 250 356-2822

Appendix B: Hyperlinks to Additional Information

Reports and Publications

- For more information on this and other Ministry Service Plans and Annual Service Plan Reports, please visit: www.bcbudget.ca.
- For other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

The Minister of Finance is also the Minister responsible for the following Crown corporations, Boards, Commissions and Advisory Committees:

Crown Corporations

- Partnerships BC: www.partnershipsbc.ca
- Pacific Carbon Trust Inc: www.pacificcarbontrust.ca
- BC Securities Commission: www.bcsc.bc.ca

Boards and Commissions

- Financial Institutions Commission: www.fic.gov.bc.ca
- Financial Services Tribunal: http://www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/Home.html
- Real Estate Council of British Columbia: www.recbc.ca

Advisory Committees

- Accounting Policy Advisory Committee: www.fin.gov.bc.ca/brdo/boardView.asp?boardNum=191095

Appendix C: Legislation Administered by the Ministry

The Minister of Finance and Deputy Premier is charged with the administration of all or part of the following enactments, presented alphabetically.

Auditor General Act
Balanced Budget and Ministerial Accountability Act
Bonding Act
British Columbia Railway Finance Act
Budget Transparency and Accountability Act
Business Corporations Act
Business Number Act
Capital Financing Authority Repeal and Debt Restructuring Act
Carbon Tax Act
Consumption Tax Rebate and Transition Act
Cooperative Association Act
Credit Union Incorporation Act
Creditor Assistance Act
Esquimalt and Nanaimo Railway Belt Tax Act
Financial Administration Act
Financial Information Act
Financial Institutions Act
Home Owner Grant Act
Hotel Room Tax Act
Income Tax Act
Income Trust Liability Act
Indian Self Government Enabling Act
Industrial Development Act
Insurance (Captive Company) Act
Insurance (Marine) Act
Insurance Act
Insurance Premium Tax Act
International Business Activity Act
Land Tax Deferment Act
Logging Tax Act
Manufactured Home Act
Ministry of Consumer and Corporate Affairs Act
Ministry of Intergovernmental Relations Act
Miscellaneous Registrations Act, 1992
Mortgage Brokers Act
Motor Fuel Tax Act
Mutual Fire Insurance Companies Act
Partnership Act
Pension Agreement Act
Pension Benefits Standards Act

Pension Fund Societies Act
Personal Property Security Act
Petroleum and Natural Gas Act ss. 74-77
Probate Fee Act
Property Transfer Tax Act
Public Sector Pension Plans Act
Real Estate Development Marketing Act
Real Estate Services Act
Repairers Lien Act
Sechelt Indian Government District Home Owner Grant Act
Securities (Forged Transfer) Act
Securities Act
Securities Transfer Act
Social Service Tax Act
Society Act
Special Accounts Appropriation and Control Act
Taxation (Rural Area) Act
Tobacco Tax Act
Unclaimed Property Act
Warehouse Lien Act
Warehouse Receipt Act

The Minister of Finance and Deputy Premier is charged with the administration of the following enactments in areas related to revenue management processes only.

Forest Act
Forest and Range Practices Act
Forest Practices Code of British Columbia Act
Forest Stand Management Fund Act
Homeowner Protection Act
Medicare Protection Act
Mineral Land Tax Act
Mineral Tax Act
Ministry of Forests and Range Act
Petroleum and Natural Gas Act
Range Act
School Act
Wildfire Act

Public Service Agency

Highlights of the Year

In 2010/11, the B.C. Public Service Agency continued to fulfil its mandate in transforming human resource service delivery for the B.C. Provincial Government as a whole. The focus remains on providing cost-effective, accessible services that are responsive to the needs of ministries. Achievements of the past year include:

- Hiring Center – The Agency launched the e-Recruitment management system in 2010/11. The new system benefits both hiring managers and applicants. Hiring managers are able to review applications online and applicants are able to set up their profiles and keep track of their applications through the same system. The implementation of the e-Recruitment management system not only reduced the time to hire from 52 days to 38 days, it also facilitated applicant pooling. The Agency received and processed approximately 59,000 applications during the year.
- Learning Center – Investing in the professional development of employees continues to be a top priority for the Agency. The new learning model includes leveraging subject matter expertise amongst its employee population across the public service and engaging them in delivering courses. Transformation included the use of e-Learning which resulted in achieving net savings and increased capacity. There were at least 8,000 e-Learning registrations last year. Mandatory privacy and information training was also completed by 5,300 executives and managers.
- Aboriginal Youth Internship - The Aboriginal Youth Internship Program supports the New Relationship with Aboriginal Peoples by providing temporary employment opportunities in the BC Public Service. In 2010/11, 22 interns completed the program, adding to another 35 who have already successfully completed the internship in the previous two years. Aboriginal leaders have described the program as an excellent example of new relationships at work.
- Employer awards – The BC Public Service continues to be a top employer in the province and the country. In 2010/11, the BC Public Service earned the following awards – BC's Top 55 Employer Award, Canada's Greenest Employer Award, Canada's Top Family-Friendly Employer Award and Canada's Top 100 Employers.

Purpose of the Agency

The B.C. Public Service Agency provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

Strategic Context

The B.C. Public Service is the largest corporate workforce in the province, serving over 280 communities across British Columbia. From frontline workers to accountants and architects, researchers and analysts, information technology professionals and others, there is virtually no area of expertise unrepresented. BC Public Service employees provide a wide range of services to British Columbians such as health care, public safety, education, and environmental management, to name a few.

The B.C. Public Service Agency supports the work that these employees do by providing human resources services (such as hiring, payroll, labour relations and learning) to the BC Public Service. In doing so, it helps ensure that the B.C. Public Service continues to have the right people to do that work. Some internal and external factors impacting the BC Public Service Agency's work toward this goal are:

Internal Factors

- By 2011, it is projected that the number of employees leaving the B.C. Public Service will outnumber entrants. This trend will continue over the next ten years.
- There is an opportunity to increase the number of employees under 30 within the public service.
- The government must be an agile and creative employer to respond to the changing needs and expectations of the new workforce.
- The Corporate Human Resource Plan lays out a plan for building the kind of workplace the B.C. Public Service needs in order to continue to have the skilled employees needed now and in the future.
- If the B.C. Public Service is unable to increase its proportion of labour force growth in the future, the size of the public service could shrink significantly.

External Factors

- The B.C. Public Service is operating in a local, national and global market to attract talent.
- Falling birth rates lead to increased competition for labour in all sectors of the province; this has been intensified by our aging population that is causing the labour force to shrink.
- Over the next ten years, British Columbia is expected to have one million job openings — 350,000 more openings than people graduating from high school.

- Skilled employees expect an engaging work environment, good career growth, learning and development opportunities and competitive salaries and benefits.

The Agency is moving towards improving the quality of services. By offering more freedom for managers to access information at their convenience, by making sure the bodies of knowledge that Public Service Agency staff draw on to serve managers and employees are fully integrated and organized, and by improving business processes, the Agency will be able to provide access to the right information or service at the right time, decrease the time it takes to diagnose issues and decrease overall costs of delivering services.

Performance Plan Summary Table

Goal 1: Service Excellence – A trusted organization that exceeds customer expectations For greater detail see pages 28 to 29	2010/11 Target	2010/11 Actual
Objective 1.1: Increased citizen, customer and client satisfaction with service availability, service usability and service delivery **Objective 1.2: Strategically aligned resources, investments and data in the delivery of human resource services while demonstrating high performance and quality service**		
Customer satisfaction: Public Service Agency	63%	62% SUBSTANTIALLY ACHIEVED

Goal 2: Building our Internal Capacity For greater detail see pages 29 to 30	2010/11 Target	2010/11 Actual
Objective 2.1: The BC Public Service is a learning organization where investment is managed strategically **Objective 2.2: Employees use new tools to communicate with each other as a way to build a learning community and support improvements in processes and services**		
Percentage of employees who agreed or strongly agreed "The quality of training and development I have received is satisfactory"	58%	46% NOT ACHIEVED

Goal 3: Improving our Competitiveness For greater detail see pages 30 to 31	2010/11 Target	2010/11 Actual
Objective 3.1: Management of human resources is modernized, responsive and flexible to address the changing needs of the BC Public Service		
Average time to hire	50 DAYS	38 DAYS EXCEEDED

Goals, Objectives, Strategies and Performance Results

Goal 1: A trusted organization that exceeds customer expectations

Objective 1.1: Increased citizen, customer and client satisfaction with service availability, service usability and service delivery

Objective 1.2: Strategically aligned resources, investments and data in the delivery of human resource services while demonstrating high performance and quality service

The business of the Public Service Agency has been realigned to a fully-integrated human resource delivery system that supports the goals articulated in the Corporate Human Resource Plan for the BC Public Service. Centralized management of activities, such as hiring, learning and health services, builds internal capacity, guides the allocation of resources, helps identify priorities and creates efficiencies within government.

Strategies

- Ensure our services are fully co-ordinated before they are delivered to our customers.
- Share knowledge of our customers internally to improve services and the customer experience.
- Continuously improve the service delivery experience in response to customer feedback and communicate that improvement.
- Focus on those intra-ministry initiatives that significantly improve citizen, customer or client satisfaction.
- Continue to nurture trusted relationships through transparency in service-level agreements that define costs, accountabilities, service levels and service outcomes.
- Develop a structured approach to customer relationship management in the human resource delivery system.
- Align strategic investment in the human resource delivery system with desired outcomes and regular reporting.

Performance Results

Performance Measure	Baseline	2009/10 Actual	2010/11 Target	2010/11 Actual
Customer Satisfaction	52% (2007/08)	Data Not Available	63%	62% SUBSTANTIALLY ACHIEVED

Data Source: BC Public Service Agency

Discussion of Results

The Public Service Agency obtains feedback from customers through satisfaction surveys. Customer satisfaction is an indicator of whether the leadership, expertise and servicers are effectively contributing to better performance of ministries and government as a whole.

The customer satisfaction survey was administered to 2,500 supervisors in early 2011. They were asked to rate their satisfaction with eight different broad service categories offered by the human resource professionals in the Agency. The figure of 62 per cent is the collective rating for all eight service categories (such as hiring, payroll, labour relations and learning).

Goal 2: Building our Internal Capacity

Objective 2.1: The BC Public Service is a learning organization where investment is managed strategically

Objective 2.2: Employees use new tools to communicate with each other as a way to build a learning community and support improvements in processes and services

Strategies

- Develop learning programs that teach transferable skills and increase core knowledge.
- Utilize internal capacity in the development and delivery of core learning curriculum and in the access to learning through new delivery methods such as e-learning.
- Develop career path profiles for key work streams so that employees are informed on how to advance their career within the BC Public Service.

Performance Results

Performance Measure	2006/07 Baseline	2009/10 Actual	2010/11 Target	2010/11 Actual
Percentage of employees who agreed or strongly agreed "The quality of training and development I have received is satisfactory"	50%	54%[1]	58%	46%[1] NOT ACHIEVED

Data Source: Work Environment Survey, BC STATS

[1] Data for 2009/10 and 2010/11 data was from the 2009 and 2010 Work Environment Survey respectively.

Discussion of Results

Research has shown that learning investments produce substantial returns to organizations particularly in improving the performance and competitiveness of the organization. The Learning Centre, a key function for the Public Service Agency, allows employees to access learning opportunities that support their performance objectives and career goals while ensuring a core learning curriculum is available to all.

Agency Response

In 2010/11, the BC Public Service continued to deal with the difficult circumstances created by the 2008/09 global economic meltdown. While the opportunities for training and development courses were offered by the Agency to employees and at least two in three employees saw the courses offered by the Learning Center as being relevant to their professional development, only one in three actually attended at least one course offered by the Agency. Training and development through other means like attending courses or conferences offered by other organizations were just as important to employees. However, 44 per cent quoted lack of funding as a key reason for not being able to pursue them. About a quarter also commented on not having enough time to pursue training due to work or personal reasons. These statistics are based on a survey conducted by BC Stats in August 2010 reaching over 7,000 employees.

The drop in the overall rating for this performance measure is likely due to a combination of reasons from lack of funding to lack of training and development opportunities that are appropriate for their professional growth.

Goal 3: Improving our Competitiveness

Objective 3.1: Management of human resources is modernized, responsive and flexible to address the changing needs of the BC Public Service

Strategies

- Realign the hiring services in the BC Public Service to accommodate more targeted recruitment for specific job streams.
- Develop a recruitment approach that delivers on the BC Public Service's commitment of a 'one employer and one employee' experience for every job applicant.

- Continue to develop unique recruitment strategies for in-demand job streams and those job streams unique to the BC Public Service.

Performance Results

Performance Measure	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual
Average time to hire	75 days	52 days[1]	50 days	38 days EXCEEDED

Data Source: Public Service Agency

[1] Due to the Public Service Agency's transformation, the average time to hire was not tracked in the first two quarters of 2009/10. However, since the opening of the Hiring Centre in October 2009, tracking began for every hire completed by the Hiring Centre.

Discussion of Results

Average time to hire is an indicator of the efficiency and timeliness of government's recruiting processes. This performance measure refers to the average length of time that elapses from the date a hiring manager submits a request to fill a vacancy to the date the successful candidate is offered the position. The average time to hire in 2010/11 was 38 days, 12 days less than the target for the year. The Public Service Agency attributes this achievement to the continuous business process improvements by the Hiring Centre and the e-Recruitment management system acquired in 2010.

Resource Summary Table

	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Business Performance	2,384		2,384	2,335	(49)
Client Services	10,905		10,905	10,175	(730)
Talent Management	18,622		18,622	10,960	(7,662)
Employee Relations	3,378		3,378	3,251	(127)
Corporate Services	2,380		2,380	2,177	(203)
Total	**37,669**	**0,000**	**37,669**	**28,898**	**(8,771)**

Annual Service Plan Report Appendices

Appendix A: Agency Contact Information

Public Service Agency
810 Blanshard Street
V8W 2H2
PO BOX 9404 Stn Prov Govt
Victoria BC V8W 9V1

Phone: 250 356-1239

For more information on the BC Public Service Agency, please visit our website at:
www.bcpublicserviceagency.gov.bc.ca/

Appendix B: Legislation Administered by the Agency

Public Service Act
Public Service Benefit Plan Act
Public Service Labour Relations Act